

# Santa Lucia Asset Management Exclusion Policy – Official Exclusion and Business Conduct Exclusion

## Background

Santa Lucia Asset Management (“SLAM”) filters to rule companies in or out of contention for investment, to ensure that the Fund is aligned with investor’s preferences, values or ethics. Overall, The Fund and Investment Manager engages in screening through 2 main categories of exclusions – the first is through an official exclusion policy and the second is through business conduct exclusions.

## Official exclusion policy and/or sustainable investment policy

SLAM operates both firm-wide exclusion policies (such as controversial weapons, tobacco and casinos) and fund level exclusion policies (e.g. for the Flagship Strategy, no serious violations of UN Global Compact except where there is a process/commitment in place to immediately rectify such violation).

SLAM’s exclusion policy is predicated on the preclusion of investments in stocks that are considered to be in direct conflict with the sustainability characteristics promoted by the Fund. The Fund does not intend to invest in companies whose business activity involves manufacture or sale of such products and services:

### Firm-wide Exclusion:

1. Controversial Weapons, inclusive of Nuclear Weapons (completely excluded)
2. Tobacco Cultivation and Production (completely excluded)
3. Gambling (10% revenue threshold)

### Flagship Strategy Exclusion:

1. Verified UN Global Compact failure (completely excluded)
2. Conventional Weapons (10% revenue threshold)
3. Palm Oil (20% revenue threshold)
4. Thermal coal power generation (30% revenue threshold)

## Business Conduct Exclusions

In addition to exclusionary clauses, we also employ negative screening based on international norms and standards. We do not invest in companies that have seriously violated - without positive perspective - the following standards:

1. Principles of the UN Global Compact
2. International Labour Organization's (ILO) Conventions
3. OECD Guidelines for Multinational Enterprises
4. OECD Principles of Corporate Governance
5. UN Guiding Principles on Business and Human Rights (UNGPs)
6. UN Convention Against Corruption
7. Universal Declaration of Human Rights
8. Oslo Convention on Cluster Munitions

We conduct analysis on individual portfolio equities, taking into account company disclosures, our firm's fundamental company and sector research, including impressions gathered from a company's competitors, customers and suppliers. We also routinely screen for controversies through specialist/subscriber news services.

Companies found to have violated such international norms are assigned to an internal watch list where SLAM will engage management to implement the necessary remedies. If such violations are found to be too severe or if management is not cooperative in executing the necessary reform, the position will be promptly liquidated within 6 months of identification of the deficiency, taking into account earnings calendars of issuers and be excluded from the SLAM's investment universe.

For further information on sustainability policies and disclosures, please see our Fund Disclosures and other documents available on <https://slam.com.sg>.